OVERVIEW

The Department of Labor and Industries (L&I) manages the state's workers' compensation system, which provides coverage for medical costs and lost wages for workers who are injured on the job. One of the services available to injured workers is vocational rehabilitation. Vocational rehabilitation services identify and resolve problems that may prevent injured workers from returning to work. L&I contracts out most of the vocational rehabilitation services it provides to private providers. Since 1985, L&I has been required by law to make referrals to vocational rehabilitation providers on the basis of quality and effectiveness. This study reviews how L&I measures the quality and effectiveness of its vocational rehabilitation providers, and how these performance measures are used to make referrals to providers.

OVERALL FINDING

JLARC finds that L&I is not in compliance with the statutory requirement to make referrals to vocational rehabilitation providers on the basis of quality and effectiveness. The factors that L&I uses to measure provider performance are better measures of efficiency than quality and effectiveness, and the performance scoring methodology may actually create a disincentive for quality and effectiveness. Additionally, JLARC finds that different types of vocational rehabilitation referrals may have widely varying goals. These varying goals are not adequately recognized in the single formula L&I uses to measure performance. Also, the performance scores L&I calculates are not required to be used by L&I staff in making referrals to providers.